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TAGS: PREL PINR PGOV SOCI ECON KN KS  
SUBJECT: NK DEFECTORS MOCK CURRENT DPRK CAMPAIGN AS  
"150-DAY SHAKEDOWN"

Classified By: POL M/C James L. Wayman. Reasons 1.4(b/d)

¶11. (C) Summary: Three trusted interlocutors told us that North Korea's "150-Day Battle" campaign has devolved into a state-sponsored shakedown of small-scale North Korean traders who have managed to stash away foreign currency and/or accumulate consumer goods by doing business successfully in the country's patchwork of unofficial markets. Money and goods taken from these people, who are affluent by DPRK standards but lack political protection, have allegedly been fed into the public distribution system that supports party members and other elites. One of our contacts argued that the confiscations, combined with arbitrary market closings during the campaign, are collectively creating "a huge amount of social discontent and resentment" that could trigger major unrest in the fall. End summary.

¶12. (C) Comment: These shakedowns are nothing new and are arguably cyclical occurrences tied to the regime's need to provide elites with cash/goods, particularly during times of leadership transition. While we don't necessarily share the view that the 150-Day Battle could trigger unrest this fall, we do agree that the regime is walking a fine line between reasserting its authority and potentially smothering markets that, while ideologically distasteful to Pyongyang's elites, are providing ordinary people with enough food to maintain social stability. End comment.

The Propaganda: "Everyone to the 150-Day Battle!"

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¶13. (SBU) The Ministry of Unification's Director General for Intelligence and Analysis, Yang Chang-seok, and two senior leaders of Seoul-based North Korean defector organizations, North Korean Intellectuals' Solidarity Chairman Dr. Kim Heung-kwang and the Vice-Chairman of the Committee for the Democratization of North Korea Kang Cheol-hwan, separately gave us their views on the DPRK's 150-Day Battle campaign. Officially, as articulated in the DPRK media and on propaganda posters and billboards, the campaign, set to end in early October, calls "everyone to the battle" to boost production of steel, coal, electricity and grain.

The Reality: State-Sponsored Shakedown

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¶14. (SBU) Citing their own contacts in different parts of North Korea, Kim and Kang asserted that the campaign's goal of significantly boosting industrial production has largely fizzled not for lack of worker zeal but because of a lack of basic inputs. Dr. Kim said that when it became apparent to North Korea's leadership that the campaign's unrealistic production quotas would not be met, the regime shifted gears quickly and instructed work units to turn their attention to one thing: obtaining foreign currency.

15. (SBU) Kim and Kang claimed that the 150-Day Battle has devolved into a state-sponsored shakedown of small-scale North Korean traders who have managed to make money and/or accumulate goods by doing business successfully in the country's patchwork of unofficial markets that provide food and light industrial goods. According to Dr. Kim, money and goods taken from these people, who are affluent by DPRK standards but lack party connections to protect them, have been fed into the public distribution system that supports party members and other elites -- minus a percentage skimmed off by officials who do the actual dirty work.

The Fallout: Strengthened Party, More Discontent?

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16. (C) Dr. Kim and DG Yang both noted that, under the guise of maintaining ideological purity, party officials have enthusiastically embraced the 150-Day Battle. Accustomed to high social status and authority, party officials have increasingly resented the relative wealth of market vendors and are allegedly relishing the opportunity to "take their share" and reassert their authority, Dr. Kim said. Kang Cheol-hwan alleged that the confiscations of money and property, combined with arbitrary market closings during the campaign, are collectively creating "a huge amount of social discontent and resentment" that could prompt major unrest in the early fall. He explained that, given the de facto collapse of the public distribution system for non-elite North Koreans, the campaign has ironically underscored to the public the fact that, in terms of providing food, black markets work and the DPRK's state-run system doesn't.

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